

The Creation of the Westside Development Corporation

City Council Agenda Item #19
June 8, 2006

Background

- The Westside of San Antonio is an area that needs a renewed emphasis on economic and commercial development.
- Staff is proposing the creation of a local government corporation, the Westside Development Corporation (WDC), to help spur revitalization in this designated area through the collaboration of key partners.
- The Westside is an area that has historically received little public investment and fewer economic development incentives provided to generate economic development.

Background (cont.)

- An economic need exists on the Westside to better focus resources and development strategies.
- The City has implemented other such unique, targeted development efforts, such as the Port Authority of San Antonio at KellyUSA, which has proven to be highly successful.
- The WDC will have a dedicated full-time staff to focus on economic development, market opportunities on the Westside and leverage available resources for new development.

Economic Need

- Most of the designated WDC area is within the Federal Empowerment Zone.
 - All of the census tracts have at least a 20% poverty rate
- On the Westside, only 24% of the area residents have graduated from high school and only 2% have earned a bachelors degree.
- Average unemployment on the Westside is 13% compared to 4.7% for the City in March 2006.
- Median household income is \$22,000 per year compared to \$39,140 for the City.
- Per capita income on the Westside is \$9,000 compared to \$27,381 for the City.

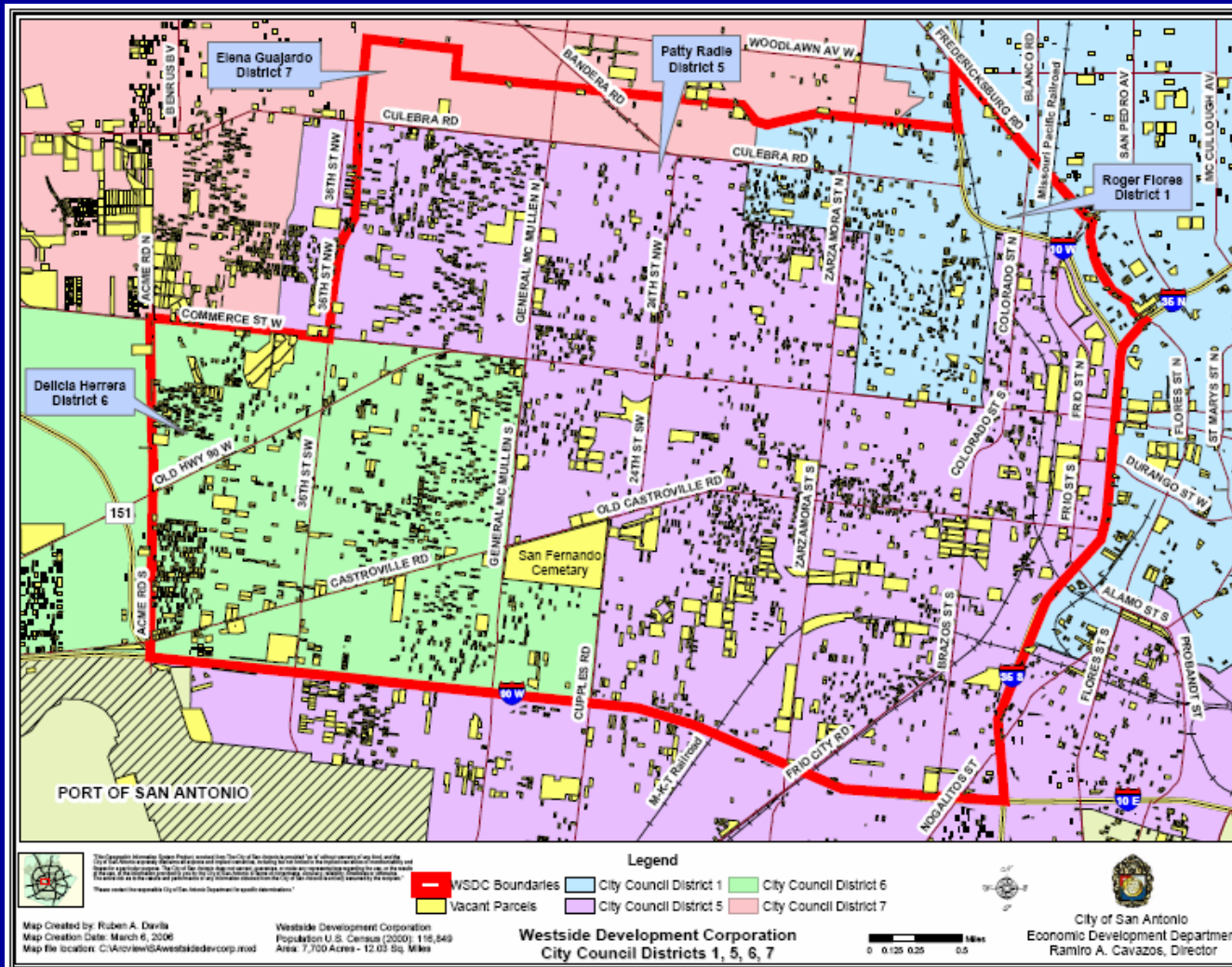
Targeted WDC Area

Description:

- Approximately 7,700 acres
- 4 Council Districts (Districts 1, 5, 6, 7)
- More than 100,000 residents

Comparison:

- Brooks City-Base: 1,309 acres
- The Port Authority of San Antonio: Approx. 2,000 acres



Purpose of the WDC

- Foster economic development and redevelopment opportunities in a targeted area:
 - ✓ Establish a City Council-appointed board of civic and business leaders
 - ✓ Acquire and develop real estate in the target area
 - ✓ Hire professional, qualified staff with economic development expertise
 - ✓ Generate new capital investment
 - ✓ Market and sell development opportunities
 - ✓ Increase job creation and wage levels
 - ✓ Create centers of economic activity
- Provide development opportunities in context with revitalization strategies that incorporate best planning practices and increased collaboration.

Economic Development Projects

Tax Abatements (1988 – 2006)

District	# of Projects	Investment (\$M)	Jobs Created
1	4	108.4	1,209
2	16	214.5	3,120
3	20	345.5	2,492
4	2	27.2	3,071
5	0	0	0
6	15	790.8	9,828
7	0	0	0
8	10	211.8	2,942
9	3	44.3	3,645
10	3	19.9	542
TOTAL	73	1,762.4	26,849

- The majority of District 6 projects are located in the Westover Hills area, outside the WDC target area.
- Total taxes abated citywide are approximately \$24.7M.

Authorizing Legislation

- City Staff and outside legal counsel have researched the most appropriate authorizing legislation under which to create this governmental corporation.
- The Texas Transportation Code Chapter 431, Subchapter D, authorizes the creation and outlines the powers of a local government corporation to accomplish any governmental purpose of the City, except the power to tax or condemn.
- Section 394 of the Local Government Code outlines the composition of the WDC board.

Proposed Powers of a Local Government Corporation

- The powers of a Local Government Corporation include:
 - Created by City to accomplish certain governmental purposes of the City.
 - Has all the powers of a non-profit corporation, can receive charitable contributions, and is tax exempt.
 - Can function as a land development corporation, with powers to buy, sell and accept land as a non-profit without the restrictions placed on a municipality.
 - Can accomplish some economic and community development “governmental purposes” of the City by contracting through the WDC.

Primary Mission of WDC

- Create Economic Development
 - Contract for professional services to conduct a real estate study, strategic plan and market assessment.
 - Create website for marketing available property.
 - Acquire and accept tracts of public and private property for commercial redevelopment.
- Maximize development incentives offered through the Empowerment Zone Program and other City incentive programs.

Development Opportunities

- Capitalizing on arts and cultural strengths
- Leveraging existing assets (i.e. Union Stockyards, vacant buildings, developable property, etc.)
- Collaboration with higher educational institutions (i.e. UTSA, OLLU, ACCD and St. Mary's University)
- Small business growth and expansion
- Infrastructure improvements

WDC Board of Directors

- Staff is proposing a City Council-appointed board of seventeen (17) directors that will provide policy oversight and accountability.
- Board members would be nominated by a City Council committee similar to the process used for the Downtown Advisory Board appointments.

Proposed WDC Board Representation

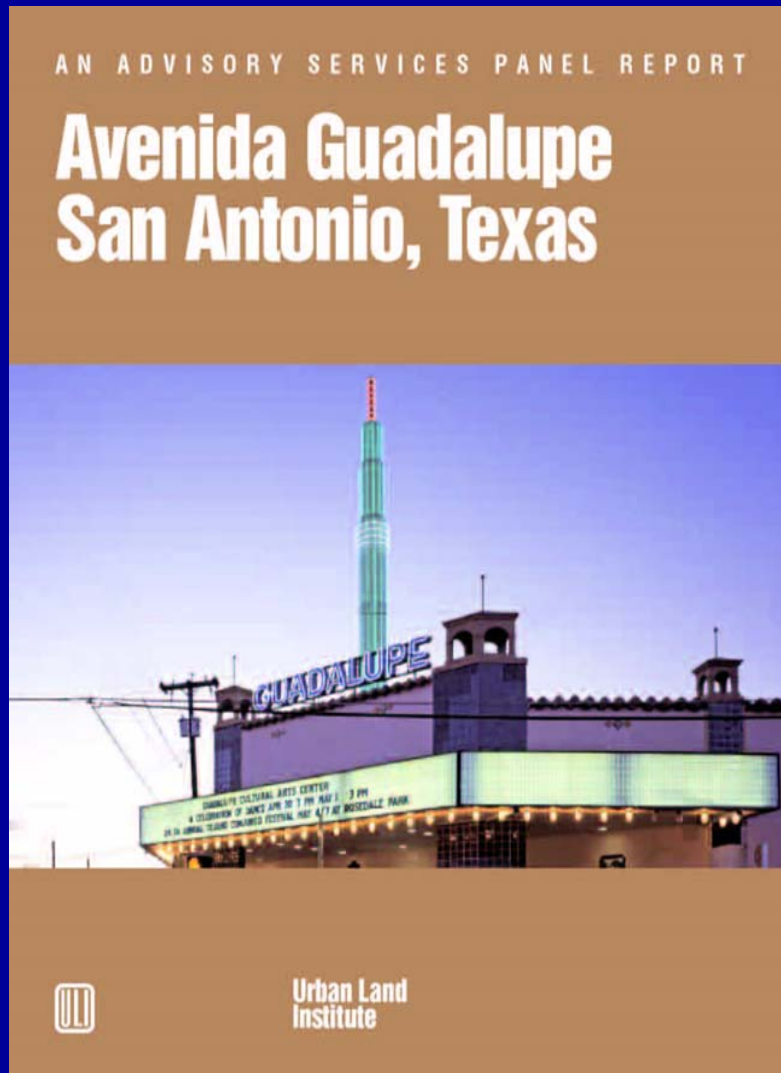
- Major business owner (1)
- Small business owners (4)
- Housing developer (1)
- Financial Institution (1)
- Universities (3)
- Non-profit org (1)
- Neighborhood residents (2)
- Bexar County Hospital District (1)
- Faith-based org rep (1)
- SAISD (1)
- Edgewood ISD (1)

In addition, the City Council members of the affected districts will serve as non-voting ex-officio members

Proposed WDC Executive Board

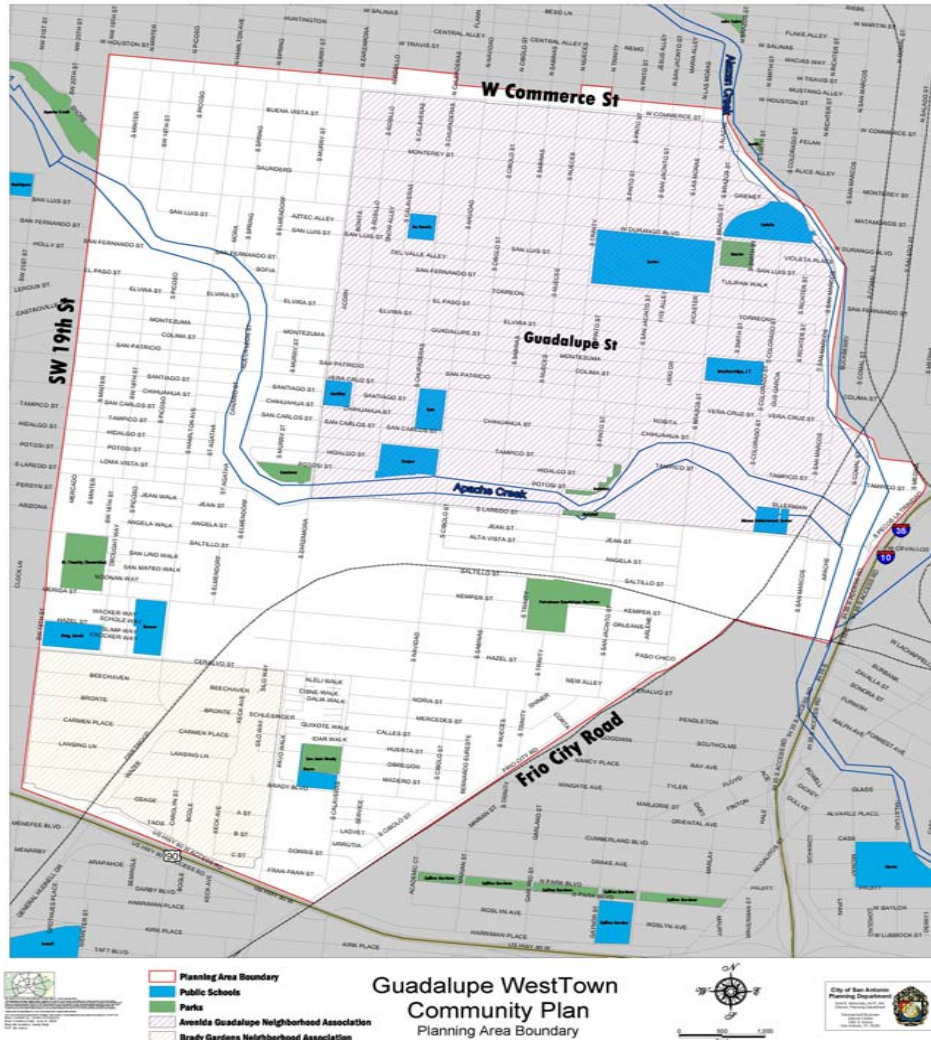
- The Board of Directors will nominate and select officers that will make up the Executive Board.
- Executive Board Categories will include the following representation: Chair, Vice-Chair, Secretary and Treasurer.
- The immediate past chair will also be part of this Executive Board in the future.
- The role of the Executive Board will be to develop and recommend policy to the Westside Development Corporation.

Collaborative Initiative



- The Urban Land Institute conducted a study of the Avenida Guadalupe corridor in 2005.
- The study recommended the creation of a Community Action Committee (CAC), composed of neighborhood, institutional and professional stakeholders and consultants to participate in corridor revitalization efforts.
 - The WDC will establish CACs in corridors within the WDC boundaries.
 - The Avenida Guadalupe Association will be designated as the CAC for the Avenida Guadalupe Neighborhood.
 - The Planning Department will staff and provide support to CAC(s) once established.

Collaborative Initiative



- The Planning Department is currently developing the Guadalupe WestTown community plan for the targeted area illustrated on the left.
- Plan to be completed by end of 2006.
- The WDC will help implement this economic development effort.

Collaboration

- **The WDC will collaborate with:**
 - UTSA Downtown Campus, St. Mary's University and Our Lady of the Lake University
 - Bexar County
 - Bexar County Hospital District
 - Annie E. Casey – A Making Connections Initiative
 - Alamo Community College District
 - VIA Metropolitan Transit
 - Avenida Guadalupe Association
 - COPS/Metro
 - Westside Workforce Education & Training Center
 - Edgewood Independent School District
 - San Antonio Independent School District
 - San Antonio Community Development Corporation
 - National Association of Latino Arts & Culture
 - MTC, Inc.
 - Five Points Neighborhood Association

Funding

- Subject to City Council approval, funds are available in the amount of \$600,000 over a two-year period from a Revitalization Fund established in 2000 for inner-city revitalization.
- Staff intends to seek matching funds from the following financial institutions and foundations:
 - Annie E. Casey Foundation - A Making Connections Initiative;
 - “National Living Cities Effort,” a number of national philanthropic organizations, who pool funding to sponsor a city with commercial revitalization efforts; and
 - Private foundations and corporate support.
- After the completion of the first year, staff will evaluate funding options beyond fiscal year 2008, and the potential spin off from the City.

Initial Staffing / Office

- Initial staff will be COSA employees:
 - Senior Special Projects Manager
 - Senior Economic Development Specialist
- The Economic Development Department will provide office space.
- Under the direction of the Economic Development Director, staff will provide support to the board of directors.
- After the first year of operations, EDD will assess the optimum staffing level and the potential for establishing an independent, self-sustaining entity.

Next Steps

- This ordinance creates the WDC board structure and budget, appropriates funds, and approves a personnel complement on June 8.
- In August 2006, staff will request City Council approve bylaws and articles of incorporation, and appoint WDC board members.
- In September 2006, WDC will hold initial board meeting, elect officers and hire WDC staff.
- October – December 2006, the WDC will conduct a real estate study and market assessment for the target area, and will initiate development projects.

Staff Recommendation

- On April 18, 2006, the City Council Economic Development & International Affairs Committee recommended that the WDC be taken for City Council approval.
- This Agreement was coordinated with:
 - City Planning Department
 - Neighborhood Action Department
 - City Attorney's Office
 - Office of Management and Budget
 - Finance Department
- Staff recommends City Council Approval.